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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 001420

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TAGS: [ECON](#) [KWBG](#) [KPAL](#) [PREL](#) [IS](#) [GAZA](#) [DISENGAGEMENT](#) [ISRAELI](#) [PALESTINIAN](#) [AFFAIRS](#)

SUBJECT: MFA OFFICIAL ON GOI-PA DISENGAGEMENT COORDINATION  
DIFFICULTIES

Classified By: Ambassador Daniel C. Kurtzer for reasons 1.4 (b) and (d)

1. (C) Summary: MFA Deputy Director General for Economic Affairs Yossi Gal told Ambassador Kurtzer that the PA should promptly seize the opportunity to coordinate with Israel on the economic and civil aspects of the disengagement plan via joint GOI-PA working groups on trade, settlement assets, border crossings, and economic development. Opining that "the cow wants to give more milk than the calf is ready to suckle," Gal said there is no credible point of contact on disengagement issues within the PA. The Ambassador noted that the USG will encourage the PA to put together working groups more quickly than the three-to-four weeks Mohammed Dahlan has requested, but also urged the Israelis to give the PA time to get organized. He further suggested the GOI spark PA responsiveness by providing Dahlan with a list of Israel's current plans and inviting dialogue. The group also discussed follow-up to the London meeting, with Gal emphasizing the GOI's continued concern over the World Bank's indicators exercise. Finally, Gal asked about the donor timetable and the upcoming AHLC, to which the Ambassador noted that the USG is currently focused on "creating facts" via USAID programs and General Ward's discussions with the PA, rather than on organizational structure. End Summary.

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PA Slow to Engage, GOI Can Encourage Responsiveness  
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2. (C) Yossi Gal, head of the MFA's economic bureau, told Ambassador Kurtzer March 7 that he does not see the PA "getting its act together" on disengagement issues. The GOI is prepared with working-level groups on trade, settlement assets, border crossings, and economic development, Gal said, and a Minister-level steering committee will meet regularly on these issues. In Gal's view, however, "the cow wants to give more milk than the calf is ready to suckle" -- PA Minister of Civil Affairs Mohammed Dalhan has requested a full three-to-four weeks before his staff will be ready to talk to Israel. Gal expressed frustration that there is no truly empowered point of contact on disengagement issues within the PA.

3. (C) The Ambassador reminded Gal that until recently, all aspects of Israel's disengagement plan were unilateral, and it is therefore difficult to expect immediate PA readiness. "The PA is building something from scratch," he noted. While the USG will encourage Dahlan and others to shorten preparation time before talks with Israel, the Ambassador suggested the GOI can encourage greater PA responsiveness by providing it with a detailed list of Israel's current plans for the economic and civil aspects of the withdrawal. Such a list would invite PA reaction and would enable Dahlan and the working-level groups to come to the table ready to engage on specifics.

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World Bank Indicators Still Unpopular  
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4. (C) Gal raised Israel's continued concern with the World Bank's indicators exercise, underlining the inequity of benchmarks as applied to the PA and to Israel. The PA, Gal said, will be given vague and "poetic" directives such as "demonstrating effort to improve security," while Israel will be judged on specifics like the number of checkpoints and barriers removed. On top of this, he lamented, perceived GOI failure would only lead to donors "punishing" the PA by withholding funds. The Ambassador said the GOI would be advised to contribute to the indicators exercise, instead of opposing it in principle. In this way, the GOI could help shape the final product.

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U.S. Ready to Act, Less Concerned  
With Donor Organizational Structures  
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5. (C) Gal asked the Ambassador about the donors' timetable, and said he understood the USG wanted an early AHLC meeting. The Ambassador responded that USG focus is now on moving forward by creating facts and encouraging action. In this vein, he said, USAID's PAPA program had the positive effect of sparking PA reaction on the key issue of

post-disengagement agribusiness cooperation. Further, the  
USG is "ready to go" on a number of programs to be funded  
under the USD 350 million supplemental currently moving  
through Congress. General Ward will take a similar posture,  
moving quickly to work with the PA security apparatus. The  
Ambassador told Gal that the U.S. can step into a stronger  
third party role on disengagement if the GOI indicates this  
is what it wants.

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KURTZER